

**EXHIBIT 31**

1  
2 UNITED STATES BANKRUPTCY COURT  
3 SOUTHERN DISTRICT OF NEW YORK

4 - - - - -x

5 In the Matter of

6 LORAL SPACE & COMMUNICATIONS 03-41710 (RDD)

LTD., et al., 03-41709 to

7 03-41728

Debtors.

8 - - - - -x

9 July 25, 2005

3:00 p.m.

10 United States Custom House

11 One Bowling Green

New York, New York 10004

12  
13  
14 CONFIDENTIAL TRANSCRIPT

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17 BENCH RULING in the Matter of Loral Space &  
18 Communications Ltd. and Space Systems/Loral, Inc.

19  
20  
21  
22 B E F O R E:

23 HON. ROBERT D. DRAIN,

24 U.S. Bankruptcy Judge.  
25

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A P P E A R A N C E S - continued

LOWENSTEIN SANDLER

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A L S O P R E S E N T:

TONY CHRIST - Loral Stockholders Protective  
Committee

1 LORAL SPACE AND COMMUNICATIONS, LTD.

2 THE COURT: All right. Let me  
3 continue with my ruling on the request by Ltd. and  
4 its subsidiary debtors for confirmation of their  
5 joint Chapter 11 plan.

6 Based on my review of the plan and  
7 disclosure statement, several days of testimony,  
8 the briefs, and the exhibits, I find that the  
9 debtors have satisfied the requirements of Sections  
10 1129(a) and (b) of the Bankruptcy Code, and that  
11 the plan should and will be confirmed.

12 I will discuss primarily those  
13 sections or elements of Sections 1129(a) and (b) as  
14 to which objections were raised, but I should note,  
15 before I get to those objections, that Loral has  
16 satisfied all of its burdens under 1129(a),  
17 including in respect of feasibility under  
18 Bankruptcy Code Section 1129(a)(11) and best  
19 interests under Bankruptcy Code 1129(a)(7), which  
20 were not objected to.

21 The primary objections to the plan  
22 go to the plan's proposed cramdown of the preferred  
23 and common shareholder classes, who would receive  
24 no recovery under the plan. In addition, there is  
25 an objection as to whether the plan is in good

1                   LORAL SPACE AND COMMUNICATIONS, LTD.  
2   faith, as required under Section 1129(a) (3) of the  
3   Bankruptcy Code.

4                   Let me address the cramdown  
5   objections first. They hinge obviously on the  
6   assertion that Ltd., the parent and issuer of the  
7   preferred and common stock, is solvent, and that  
8   therefore the unsecured creditors of Ltd., and  
9   potentially creditors of the subsidiary debtors, as  
10   well, are receiving more than full recovery on  
11   their claims under the plan and thus that the plan  
12   improperly deprives the shareholders of their  
13   rightful recovery.

14                  I conclude, based on my review of  
15   the expert reports and testimony of the three  
16   investment banking firms retained in the case, as  
17   well as the testimony of Mr. Schwartz and the  
18   arguments and exhibits raised and introduced by the  
19   informal Loral Stockholders Protective Committee,  
20   or "LSPC," that in fact Ltd. is insolvent. Let me  
21   summarize those findings first, and then I will go  
22   into some detail as to my reasons for them.

23                  I base my conclusion primarily upon  
24   my review of the analyses done by the three  
25   experts: Greenhill, Jeffries and Chanin, retained

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2 constrained to accept that expense number as the  
3 actual number that should be in the projections,  
4 and, therefore, do not adjust the core valuation of  
5 SS/L that I alluded to earlier.

6 Based on a 970 million dollar  
7 enterprise value for Ltd., the debtors at the  
8 parent company level are insolvent, whether one  
9 applies a contract rate of interest or a Federal  
10 judgement rate of interest to the unsecured claims.  
11 Nevertheless, let me briefly address that issue,  
12 because it has been addressed by the parties and is  
13 one of the two additional factors that the equity  
14 committee contends ultimately renders the debtors  
15 insolvent.

16 Section 502(b) (2) of the Bankruptcy  
17 Code disallows claims for unmatured interest.  
18 Notwithstanding that fact, the courts have long  
19 recognized that where a debtor is solvent, it is  
20 inequitable and improper for shareholders to  
21 recover before the debtors' unsecured creditors  
22 receive postpetition interest. To permit such a  
23 recovery by shareholders would give them a windfall  
24 at the expense of the unsecured creditors who have  
25 had to wait through the course of the case to